

*This report is "SECRET"*

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I. Security Division - Proposed T/O and Organization

1. In January 1947, OCD recommended that the proposed Office of Security be activated by 15 February 1947. It based its position on the increasing number of security problems, the variegated CIG housing arrangements, and the takeover of FBIB and the Washington Document Center. It also recommended that immediate steps should be taken to obtain the services of an officer for the billet of Assistant Director of Security or Deputy Assistant, or both, and that upon activation the Office function temporarily under [REDACTED] Acting Assistant Chief, Security Branch, OCD.<sup>1</sup>

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2. On 21 January 1947, the Executive Director informed both ICAPS and OCD that the DCI did not contemplate activation of the Office of Security until "our legal legislative status has been more fully determined." The Executive Director continued that there was no objection to forming a nucleus for the Office, but cautioned that hiring should be limited to key personnel as there was always the possibility it would not be activated.

3. Also in early 1947, [REDACTED] prepared a proposed T/O and organizational chart for the Security Division which was submitted on 25 February 1947 to the Executive for P&A, after it was coordinated with [REDACTED]

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Special Security Section, OSO.<sup>2</sup> In it he requested approximately [REDACTED]

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employees to staff an organizational structure that would have supported OSO and the CIG. Organizationally, the Security Division would have had a Records, Investigations and Physical Security Section; OSO would have had a Special Operations Section supported by Investigations and Physical units.<sup>3</sup> Of the requested █ employees,

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█ would have been assigned to staff the Special Security Section and the remainder would have been for the Security Division.

4. Shortly after the Security Division's proposals were submitted to the Executive for P.A., the Advisor for Management, ICAPS, in the person of █ conducted a so-called "reconnaissance survey" of the Security Division's T/O. On 11 March 1947, █ reported to ICAPS that the Special Operations Section, as proposed and activated, duplicated the functions of the other operations of the Security Division and that "█ administrative control" of the Special Operations Section was "very tenuous."<sup>4</sup>

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5. On the same date, the Advisor for Management, ICAPS, forwarded the T/O to the Assistant Executive Director and included the comments that he remained of the opinion that "adequate security could be maintained in an office of this nature under a combined operation with stronger central control and less duplication of personnel" and that he saw no reason why investigations of individuals to be employed in the Washington office of Special Operations should

not continue to be made by the FBI.<sup>4</sup>

6. [REDACTED] proposals resulted in Brigadier General E. K. Wright, DDCI, advising [REDACTED] on 31 March 1947, that "pending certain organizational changes being considered by the Director, it does not seem desirable to consider the (Security Division's 25X1A9a  
T/O) plan at this time."<sup>4</sup> This information was relayed by Colonel [REDACTED] to the Executive for P.A. and action on this matter was held in abeyance.

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## II. Activation of Executive for Inspection and Security

1. By the spring 1947 it was evident that CIA would be officially established in the immediate future. On 18 June 1947 CIG [REDACTED] activated the position of Executive for Inspections and Security and made it responsible for providing overall inspection, audit and security, including security policy service, for CIG. The same order transferred practically all the functions of the Security Branch, OCD to the Executive for I&S, and "postponed indefinitely" the establishment of an Office of Security.<sup>5</sup> The latter announcement was obviously intended to end further speculation that an Office of Security would be established along the guidelines OCD had proposed in 1946.

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2. On 1 July 1947, [REDACTED] was relieved as [REDACTED] and named Executive for I&S,<sup>6</sup> and in

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[Redacted]

III. Organization and T/O - Executive for I&S

1. In order to strengthen the Executive for I&S, a T/O of

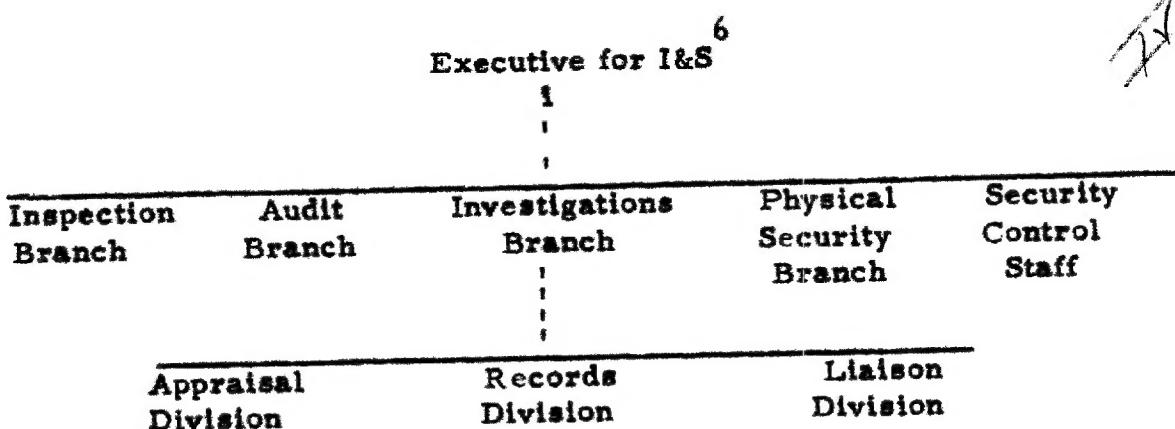
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[Redacted] personnel was approved for FY 1948 on 9 July 1947.<sup>8</sup> While the approved T/O was approximately the same as originally requested

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by [Redacted], the functions of I&S were enlarged and the organizational structure, which had been informally activated, in part, in June, included the Security Branch, the Inspection and Audit Branch, the Security Control Staff,<sup>9</sup> and an Administrative Office. Four divisions were subordinate to the Branches, namely, the Physical Security and Investigative Divisions, and the Inspection and Audit Divisions.

2. Shortly thereafter, the Executive for I&S rearranged the organizational structure to appear as shown below:



3. Further, the Executive for I&S was given additional *IV B*  
statute in October 1947 when the chain of command was changed so  
that it reported to the DCI through the Executive Director. *6*

4. After taking over the duties as Executive for I&S and *IV B*  
assuming control of the Security Division, P&A, the Executive for *IV C*  
I&S, Colonel Edwards, reported to the Executive Director in November *1947*  
that the lack of an approved T/O and clearly defined policies had  
caused the following deficiencies:

- (1) Shortage of personnel.
- (2) Proper planning and establishment of priorities.
- (3) Need for establishment of clear-cut priorities for security investigations.
- (4) Lack of accurate records and files because of insufficient personnel.
- (5) Security policy and security operations greatly lacked coordination in that functions had been in separate CIG offices and the Chief, Security Division, as well as Chief, Security Policy Branch, were hampered by having to follow involved channels to accomplish coordination.

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(6) No security monitoring in maintenance had been given to the handling of classified information, including Top Secret control procedures.

(7) No monitoring system had been established for telephone conversations.

(8) Security officers had not been designated within all offices.

The Executive for I&S also reported that personnel on duty in the Security Division were of a "very high quality . . . (and) had accomplished as much as was possible . . ."  
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5. By December 1946, the informal T/O of the Security Division had increased to [ ] employees and with the approval to increase the T/O to [ ] in mid-1947, the Executive for I&S recruited qualified people to fill key positions. Personnel on duty or recruited during this phase of the development of I&S included [ ]

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IV. Responsibilities

1. When the Special Security Section was transferred to OSO, an agreement was reached with OSO which delineated the Security responsibilities of I&S and OSO.<sup>10</sup> Briefly, I&S was responsible to

the DCI for overall security policies and regulations of CIG including the personal security of all CIG personnel on vouchered funds at home and abroad with the exception that the Assistant Director, OSO, was required to review the security of all OSO staff personnel and to maintain personal and physical security within OSO.<sup>10</sup> I&S was also responsible for all security files, less active covert and semi-covert; liaison on personal security of employees with the FBI and IAB agencies; the audit of special funds and such other audits as were ordered by the DCI; and further it performed the function of the IG.

2. The AD/SO was responsible for: the personal security of all covert and semi-covert personnel and all overseas OSO personnel; day-to-day maintenance of personal and physical security within OSO; establishment and maintenance of a field investigative unit for the benefit of OSO and when requested other offices of CIG; personal and physical security of all OSO installations abroad subject to inspections specifically directed by the DCI; maintenance of communications security for all of CIG except the local telephone system; etc.

3. Security Control Staff

(1) The first Chief of the SCS was the former chief of the Security Branch, OCD, [REDACTED]

Jr.; he was followed by [REDACTED] in [REDACTED] November 1947 and later [REDACTED] 0

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[REDACTED]

(2) The SCS formulated security policies to provide for the safeguarding of classified information and the security of intelligence; prescribed CIA security policies relative to the collection and dissemination of classified materials and liaison relations with Federal departments and agencies; provided guidance for various external research projects; and approved, from a security standpoint, various personal activities of CIA employees such as publication of manuscripts, speeches, outside employments, etc.<sup>6</sup>

#### 4. Physical Security Branch

Initially the Physical Security Branch, under its first chief, [REDACTED], was responsible for the security of all [REDACTED] except those involving OSO, to prevent unauthorized access to, or compromise of, all CIA activities; prepared and enforced security regulations as required for all domestic Agency activities, except OSO; initiated and maintained a system of pass control for all [REDACTED] with the assistance of OSO; maintained and supervised guards to protect Agency installations; maintained and supervised

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25X1A [REDACTED] except OSO; indoctrinated all new employees, except those of OSO; interviewed all personnel,

25X1A [REDACTED] except OSO; indoctrinated all new employees, except those of OSO; interviewed all personnel,

except those of OSO; and termination of employments;  
changed all safe combinations, except those of OSO,  
and maintained file of combinations, investigated files,  
lost classified documents, notations, etc., except OSO, etc. <sup>2</sup>

## 5. Investigations Branch

(1) The first chief of the Investigations Branch was

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(2) The Branch was responsible for the investigation\* and clearance of all personnel being processed for assignment to the Agency, except those assigned to OSO; reviewed personal history statements to determine eligibility, reviewed investigative reports and recommended action; processed name and company checks as required by OO and such name checks as were required to clear applicants other than those of OSO.<sup>2</sup>

## 6. Inspection and Audit Branch

(1) The existence of this Branch under the Executive for I&S was the result of the DCI's decision which was based on the immediate need for a centralized Audit and Inspection

\* Investigations conducted by FBI for CIA until January 1948.

Staff and the recognition that to establish these activities as separate staffs or offices would take some time to accomplish.

(2) By August 1947, plans for the Audit and Inspection Branch had been formulated and on the 12th of August, the Executive for I&S advised [redacted] that, in addition to his regular assignment, he would be designated Acting Deputy "A" and in this capacity would "supervise the buildup and organization of both the Inspection and Audit Branches."<sup>9</sup>

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(3) In the same memorandum the Executive for I&S advised that the primary function of the Inspection Branch would be inspection trips desired by the DCI to OSO installations abroad as well as inspections of CIA property, equipment, supplies and the procurement program. He directed that "the files, reports and recommendations" of the Branch were "highly restricted" and were not to be made available to any person outside of the Branch except the Director, the Executive Director or the Executive for I&S.

(4) In regard to the Audit Branch, the Executive for I&S stated that the priority task of the Branch would be to audit CIG and OSO funds. He instructed that it would have a "definite curtain" about it, and placed the same restrictions on its activities as had been established for the Inspection

activity.

7. Related Responsibilities - Technical and Censorship

(1) CIA and other IAB members were well aware of technical threat posed by hostile audio penetrations in 1947. For example, on 1 July 1947, the DCI notified Mr.

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that information had been received which indicated contrived active attempts may have been made to penetrate the physical security of American missions and offices abroad. He suggested that all overseas missions should be advised to "check for the presence of microphones and attempts to open safes and lockers."<sup>10</sup> However, the first step by CIA to establish an inspection capability to detect and prevent such penetrations was accomplished under what was termed "preventive telephone monitoring."<sup>10</sup>

(2) In order to handle the preventive telephone monitoring responsibility and related duties, the one clerk-stenographer was added to the T/O of the Physical Security Branch in August 1947.<sup>11</sup> Later, Mr. Henry [REDACTED] was recruited to fill this position.

(3) As mentioned previously, OCD contemplated the establishment of a Censorship Branch as part of the Office of Security. OCD's concept was that the Branch, as

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Federal censorship policies and procedures for implementation in the event of emergency or war.<sup>4</sup> On 8 September 1947, the Executive for I&S requested that a policy determination be made by the DCI relative to censorship planning and on 9 September 1947 was informed that the DCI had decided against initiation of censorship planning.<sup>12</sup> The Director's reasoning in regard to censorship planning was made known on 25 March 1947 when the DDCI advised OCD that "the Director's interest in delay of aggressive consideration of censorship planning" was based on the "present status of personnel and organization" and the danger of becoming involved in "non-pressing activities."<sup>12</sup>

(4) This proved to be a wise decision for although censorship, as envisaged at the time, had an intelligence value, any action by the Agency along this line at that time could have been incorrectly interpreted by other Federal activities, including the FBI.

V. Relations With the FBI

1. When the FBI agreed in November 1946 to conduct investigations of applicants for overt CIG positions, it was mutually understood that CIG would refer requests for investigations at the

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rate of approximately 100 cases a month at a cost to CIG of \$100.00 a case, and that the Bureau would complete the investigations in approximately two weeks.<sup>13</sup> However, on 8 January 1947, the Director, FBI, notified the DCI that the number of investigations referred to it was considerably more than 100 and in view of this, the Bureau felt a 30-day period would be a more practical basis of relationship.<sup>13</sup>

2. In the meantime, the DCI had advised Mr. Hoover, FBI, on 31 December 1946 that CIG was prepared to accept transfer of responsibilities in Latin America according to a schedule that opened with [redacted] on 20 January 1947 and ended with [redacted] on 14 April of the same year.<sup>13</sup>

3. At this point in time, CIG-FBI relations appeared to be cordial with CIG being most circumspect in its dealings with the FBI. However, on 30 September 1947, Mr. Hoover formally advised the DCI, without advance warning, that "in view of Executive Directives and action taken by the Congress of the United States, additional responsibilities have been placed on the Federal Bureau of Investigation which make it impossible for this Bureau to continue the present arrangement which exists between the Central Intelligence Agency and the FBI for the conduct of applicant investigations." He

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continued that the CIA "should be ready to assume all responsibility for (CIA applicant) investigations on 15 October 1947."<sup>14</sup>

4. The DCI replied to the FBI on 3 October and requested the FBI to reconsider its original decision or to at least postpone the effective date until the National Security Council had time to review his memorandum, a copy of which was attached. In this memorandum, the DCI described the effect the FBI termination of investigations would have on CIA and he concluded that should the decision of the Director of the Federal Bureau of Investigation to discontinue his service to this Agency stand, it is requested that:

"a. The National Security Council authorize the CIA to establish an internal investigative unit on a nationwide basis and provide it with the essential facilities and authority to meet the standards of investigation expected of and established by the FBI. We should also be given a directive providing the same standing in government for the results of our investigations of CIA applicants and personnel now accorded to the FBI investigations.

"b. The FBI be instructed by the President to make personnel investigations for the CIA on the basis of our current agreement for a further 6 months' period in order

that our personnel procurement program may not be completely blocked with the resultant inability of the CIA to meet its responsibilities in connection with the national security.<sup>14</sup>

5. Following the above, the FBI extended the 15 October deadline to 15 November 1947, and then to 1 January 1948. On 18 November 1947, the DCI sent a letter to Mr. Hoover which was prepared in draft by the Executive for I&S. While the intent of the letter was to restore normal FBI-CIA relations, it also contained an interesting statement which described the "political climate" of the day. The statement follows:

"Our mission is the foreign intelligence one. We certainly do not wish to build up, even for the purpose of investigating our own candidates, an organization which could even be accused of duplicating or overlapping the function of the FBI, as an example, I feel the very fact that there exists in our investigative files the FBI reports on myself . . . is a protection to the Government and myself. This is in accord with the democratic process of checks and balances and dispells all accusations of 'Gestapo' to either of our Agencies."

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He expressed his regrets

that the procedure had not been brought to the attention of the FBI  
and pointed out that it had been cancelled.<sup>14</sup>

9. Also, on 14 November 1947, Colonel Edwards and Mr.

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met with the

and

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formalized that contacts with the Justice Department would be through

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and CIA contacts would be through

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VI. Initial Security Activities - Executive for I&S

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1. Area Security Officers

a. Following up on his earlier memorandum to the Executive Director in which he noted the deficiencies that existed in the Security Division, the Executive for I&S prepared CIG [REDACTED] which was issued on 25 August 1947. This memorandum instructed that all Assistant Directors and Staff heads would appoint a Security Officer who would be responsible to the office concerned for insuring compliance with CIG security regulations and policies.<sup>16</sup> It stipulated that the names of those selected had to be submitted to the Executive for I&S within one week, that the grades of the individuals involved should not be below grade CAF-9 or P-3, and that such personnel not

have access to Personnel Security files of CIG personnel. *IV C*

b. In addition, the Executive for I&S initiated a program of holding frequent meetings with these (non-career) security officers in order to familiarize them with their duties and responsibilities and to ensure that in the performance of their duties they operated within the

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parameters of CIG [redacted] While not directly related to the above, CIG had Special Security Officers *IV B*

starting in 1946. These officers included [redacted]

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[redacted], 13 December 1946 to 18 25X1A9a  
17 January 1947; and [redacted]

2. Top Secret Control Survey *AC*

a. Another activity that required the immediate attention of I&S was the Top Secret control system in effect in CIG in 1947. Between 23 July and 18 November 1947, a survey was made of the system within several offices and staff sections of the Agency. Briefly, the survey found no indication of deliberate or malicious mishandling of Top Secret material even though in some instances cognizant deviation from regulations was freely admitted because of efficiency in operations; that full compliance with regulations was impractical, and frequently involved the loss of time and created excessive paper work; and, the lack of a well

informed and authoritative supervision had resulted in carelessness in the handling of Top Secret material, particularly in regard to receipts, logs and transmission.<sup>19</sup>

b. The report contained a number of recommendations which were incorporated into a memorandum for the various Assistant Directors as well as the Executive Director, and the Executive for A&M, dated 12 November 1947.<sup>19</sup> Significant sections of this memorandum follow:

"(1) Certain basic changes in the overall Top Secret control procedures are demanded by the current operational requirements of CIA. These changes affect the fundamental organization of Top Secret control within CIA and the manner in which this organization is integrated with the Special Distribution Section of Central Records.

"(2) SDS in not acting as a truly centralized control for the handling of T. S. material and due to operational requirements, can never perform the function as originally conceived.

"(3) It is the conviction of this office that Top Secret control procedures must be decentralized to five or six control points, but retaining SDS as the office of record and audit.

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"(4) An operational plan for the control of T. S.

to be prepared by Chief, Security Control Staff,

Executive for I&S, the T. S. Control Officer, CIA,

and representatives of Agency offices concerned."

c. In connection with the development of an operational plan, the memo contained a suggested line of approach and named the Chief, Security Control Staff as the senior member.

3. Security Regulations

20 Oct 1946

a. The updating of the 1946 Security Regulations also received priority attention following the establishment of the Executive for I&S. Although the 1946 Regulations were adequate for that period, they contained salient weaknesses, particularly in regard to the storage and safeguarding of classified documents, and the security of buildings and installations. In connection with the latter, ICAPS and others had indicated earlier that the badge system should be revised and that a new badge system should be devised and implemented.<sup>9</sup>

b. The second issue of Security Regulations, dated 15 August 1947<sup>5</sup> contained positive action relative to the aforementioned weaknesses. Of particular importance to the security of CIA activities, was the implementation of a

new badge system which limited access to buildings as follows:

Green Bordered Badges - Permitted access

to all CIG buildings (except OSO).

Yellow Bordered Badges - Permitted access

to all CIG Buildings except Administration and Que Buildings.

Green Bordered Badges Stamped "Courier" -

Permitted access to all CIG Buildings.

Green and Yellow Badges with Green Bands across

Upper Left Hand Corner - Permitted access to  
Signal Center, Communications Division,  
South Building.

Red Bordered Limited Badge - Permitted access

to CIG Buildings and areas specifically described thereon.

c. In addition, the regulations established more rigid procedures regarding the admittance and control of official visitors and the admittance of employees to buildings after hours. The regulations also clearly stated that casual or social visitors would not be permitted and required that

official visitors be escorted at all times.

d. Unfortunately neither the 1946 nor 1947 Security Regulations established a penalty system covering security violations. However, by October 1947 the thinking on this subject within I&S had progressed to the point where Mr. [REDACTED]

[REDACTED] Assistant to the Executive Director, was requested by I&S to provide some basic guidelines on a penalty system.<sup>9</sup> [REDACTED] suggested that the first, second, and third offense system be established and he recommended that the penalty for the second violation should be a three-day suspension without pay, and the third violation should result in the individual being separated from CIA or returned to his or her sponsoring activity.

e. Needless to say, [REDACTED]'s suggestions were not accepted and they are mentioned here merely to show the attitude that prevailed in the youthful CIA. A more realistic security violation penalty system was established in September 1951.<sup>5</sup>

4. Security Clearances and Loyalty Board

25X1A a. Prior to the issuance of CIG [REDACTED] it was proposed that personnel detailed to CIG should be preferably second generation Americans who would be

security cleared on the basis of a "four-way check;" namely, MID, ONI, FBI, and the local police of the individual's home town. <sup>20</sup> This proposal was submitted to CPS for further consideration and study. During the course of the study CPS consulted with other departments involved in the assignment of personnel to CIG and valuable guidance was obtained from the FBI, General Clarke of MIS, and R. L. Bannerman, Department of State. <sup>20</sup> CPS accomplished its assigned task quickly and on 8 May 1946.

25X1A CIG [REDACTED] Policy on Clearance of Personnel with CIG" became effective.

b. Along the same line, one of the major impediments to the personnel procurement program of CIG was the time involved in the conduct of background investigations on prospective employees. At one point in 1946, there were 240 cases on hand and this figure did not include FBIS and Washington Document Center personnel. Because of this, a priority system for investigations was set up in December 1946. The system established four categories; namely, Priority One - new employees; Two - selected individuals of FBIS and the Washington Document Center but not to exceed six individuals for each unit who were to be used as contacts;

Three - remainder of the Washington Document Center. <sup>9</sup>

c. The priority system did not prove entirely satisfactory, particularly to FBIB, and in April 1947, the DDCI requested that the Security Branch, OCD investigate the feasibility of establishing three to five security standards for CIG personnel, dependent upon the location of the offices and the positions to which personnel would be assigned, without lowering security standards per se. <sup>21</sup>

d. Later discussions with [REDACTED] FBIB, revealed that FBIB had encountered difficulty in recruiting employees because of the time it took to complete an investigation. To alleviate this situation, [REDACTED] proposed that FBIB be permitted to employ personnel for a period of 90 to 120 days during which time investigations could be completed. <sup>22</sup>

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e. [REDACTED] proposals resulted in FBIB being granted authority to hire certain personnel, under specified conditions, for non-sensitive positions where there would be no access to classified material and to hire personnel on a short term basis (120 days) under the same conditions. <sup>22</sup>

f. The subject of three to five security clearances was finally put to rest in August 1947 when the Executive for I&S, as a result of information received indirectly from Captain [REDACTED] advised the Executive Director that in view of the

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DCI's desire no action would be taken on this matter.<sup>22</sup>

Had such a proposal been approved and implemented, it undoubtedly would have caused a considerable increase in personnel security problems at a time when the Executive for I&S was ill equipped to handle them.

g. CIG authorities were aware of the Congressional interest in regard to the loyalty of Government employees and the personnel security problems that would have to be resolved when FBIS and the Washington Document Center were incorporated into CIG. In addition, at that time the DCI lacked the legal authority to remove security risks.

In view of this, a Personnel Loyalty Board for the Central Intelligence Group, under the authority of Executive Order 9835 of 21 March 1947, was established on 16 April 1947.<sup>23</sup>

25X1A h. [REDACTED] of 30 April 1947,

25X1A designated [REDACTED] as Chairman of this Board and his tour of duty as such terminated 31 May 1947.<sup>24</sup>

i. CIG's attention to the matter of establishing stringent clearance criteria and a Loyalty Board was most timely as is evidenced by the Director's comment, reported by the AD/OCD on 13 May 1947, that certain members of Congress were in a general way very favorable toward CIG, but they

were concerned over the number of "Pinks" in Government and they reminded him that he would have to "clear out all Pinks."<sup>25</sup> Further, on 21 May 1947, W. Pforzheimer, Legislative and Liaison Officer, reported to CIG authorities that George Moore, Chief Counsel, House Committee on Post Office and Civil Service had advised that he (Moore) was in receipt of a list of names of FBIS personnel whose loyalty <sup>26</sup> was open to question.

5. Space

a. By March 1947, CIG had felt the need for a permanent structure to house its facilities. At that time, G. C. Marshall, Secretary of State, informed the CIG that it would have to vacate the [REDACTED].<sup>27</sup> Further, in response to an earlier request, the Bureau of the Budget advised the DCI on 22 April 1947 that it foresaw no hope for the assignment of a fireproof building for the exclusive use of the CIG.

b. The DCI, however, continued to emphasize the need for a structure and on 16 July sent a letter to Major General P. B. Fleming, U.S.A., F.W.A., in which he pointed out the security and safety problems involved in the use of

temporary structures and requested a self-contained building such as the Railroad Retirement Building. <sup>27</sup>

c. Writing on the same subject, the Executive for I&S also advised the Executive Director on 5 September 1947, among other things, that the importance of solving the wide dispersion of CIG in many buildings and "pieces" of buildings could not be overemphasized. He pointed out, "If it is fully realized that the cost to CIG of each single guard post is over \$10,000 per annum, it can be seen that the continuous additions of bits and pieces of offices each requiring guards will soon amount to such an enormous figure to equal the actual rent of a really suitable building. In addition, most . . . present buildings are serious fire and burglarly hazards . . ." <sup>9</sup>

#### 6. Inspection and Audit

a. In connection with the activities of the Inspection Branch, on 15 September 1947, the Executive for I&S informed the DCI that the Director of OSO had reported that there existed a serious morale and administrative problem in the Near East and had requested an Inspector from I&S accompany the Chief of the Communications Branch on a visit to these installations.

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[REDACTED] was identified as the Inspector who, on the return trip, would also visit the FBIB installation at [REDACTED]. <sup>9</sup>\*

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\* No further information available.

Also, early in 1948, Colonel Edwards made an inspection trip of FE installations. <sup>28</sup>

b. To forestall any questions arising regarding I&S conducting such inspections, on 23 September 1947 the Executive for I&S suggested to the Executive for A&M that the functions of I&S be amended to read:

"Conducts such staff visits and inspections of intelligence operations of the CIA as may be necessary to keep the Director informed of the manner of implementation of the approved plans, policies, and procedures of CIA." <sup>9</sup>

c. On the same date the Executive Director advised all offices that he would arrange for operational inspections through the Executive for I&S and management surveys through the Executive for A&M. <sup>6</sup>

d. Later, on December 15, 1947, the DCI instructed the Executive for I&S that on or about 15 January 1948 an audit should be made of special funds allocated to Special Operations and after completion a similar audit should be made of Special Funds, CIA. The DCI advised the Executive for I&S to "exercise extraordinary security" measures to ensure that

all records and files incident to the audit were kept  
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separate from the other records of I&S.

7. Secrecy Agreement Revision

The first secrecy agreement utilized by CIG was based *DB* on the U. S. Civil Service Oath of Office, Affidavit, and Declaration of Appointee and the Oath of Office of SSU.<sup>9</sup> In order to impress new employees of CIG with the importance of maintaining security even following termination and to provide the CIG and later CIA with a formidable appearing document, a revised secrecy agreement was approved in April 1947, and this agreement is still used today by the Agency.

8. Non-IAB Security

a. Prior to the activation of the Executive for I&S, the *DB* Security Branch, OCD, made security studies of IAB and non-IAB agencies to determine if the facilities of these activities were adequate from a security viewpoint for discussion and retention of classified intelligence material. Some of the activities that were approved in 1947 by the Security Branch included the Civil Aeronautics Board, the Export-Import Bank, and the Interior Department.<sup>30</sup>

b. In April 1947, the Branch prepared a series of contact *DB* security policy memoranda relating to the establishment of

contact with agencies outside of the IAB group; namely, the Federal Reserve System, the Federal Trade Commission and the Labor Department.<sup>5</sup> However, by July 1947, OCD's role in regard to contact security was clearly defined in CIG [redacted] of 11 July 1947. The memorandum directed the Executive for I&S to issue a series of consecutively numbered contact memoranda that contained the rules and restrictions covering all contacts with non-IAB agencies and this task was started in August of the same year.<sup>31</sup>

c. In addition to the above, the DCI advised the AD/OCD on 9 July 1947 that in regard to security policy for the dissemination of written intelligence material to departments and agencies other than IAB agencies, OCD was authorized to decide the need for dissemination but the facilities of the Executive for I&S would be used as required.<sup>32</sup> *IV B*

9. Congressional and Other Interest in CIA Activities and Personnel

a. The early activities of CIA and CIG were of particular interest to members of Congress, other U. S. departments and offices, and private individuals. In this connection, the files contain a number of Congressional requests for information about CIA, and in particular, the personnel strength of

the Agency. All of these letters were tactfully rejected on the basis that compliance would not have been in the best interests of the security of the United States.<sup>9</sup> One such reply made by the DCI to Senator H. Byrd on 15 December 1947, contained the statement that the NIA had instructed that for essential security reasons the strength of the CIA would not be released for publication. The reply continued that "two senior officials of the Bureau of the Budget had been specially cleared for this purpose."<sup>5</sup>

b. By the end of 1947 special security arrangements had been made with the Civil Service Commission, the Treasury Department, the General Accounting Office, and the Federal Works Agency to afford pertinent CIA information adequate security protection and control.<sup>9</sup>

VII. Contact Branch, OO

1. The OSO and I&S agreement relative to Security responsibilities permitted I&S to concentrate on establishing security policy, procedures and standards for the remainder of CIG. As can be seen, progress was made in practically all of these fields.

2. At the same time, the Contact Branch, OO, presented many problems for I&S for resolution, particularly since it had

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Some of the salient problems that arose in 1947 are set forth in the following paragraphs.

3. Prior to the activation of I&S, the Contact Branch had acted as its own contact security clearing authority. It received background information obtained from the files of the FBI, State Department, Army, Navy and CIG, and on the basis of this information [redacted]

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company. In order to tighten up this procedure, OO, with the concurrence of I&S, established the position of name-check security officer in September 1947. At the same time, OO also defined for its field activities what it termed "info" cases as being ones where sufficient information had been developed to recommend special handling by the Contact Branch as such info might have been obtained from the aforementioned files. OO indicated that an informal arrangement had been made with I&S to release "info" to the name-check security officer who, in turn, would pass the "info" to OO [redacted]

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4. Although the definition of "info" cases and the establishment of a name-check security officer represented progress, the Contact Branch still evaluated information and reached a determination as to whether a potential source was "clear" or was subject to "security limitations." In view of this a study was made of the

security aspects of certain Contact Branch procedures in December 1947.<sup>34</sup> It substantiated the above, and also found in part:

- a. Name checks were initiated by Contact Branch, OO, sent to I&S which, in turn, forwarded the request to the FBI.
- b. The FBI results were forwarded to OO and in some instances they were supplemented by information from I&S files.
- c. I&S was not normally consulted with reference to the evaluation.
- d. Results of FBI name checks were retained in OO.
- e. The Reference Center, Executive for A&M, maintained files of intelligence sources which also indicated whether a source had been cleared or information of a derogatory nature had been developed.
- f. Name checks as conducted were inadequate.

5. The same study recommended that all requests for name

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and transmitted to the Executive for I&S for the necessary action; that the Executive for I&S would provide the Branch with a security evaluation in each case on the basis of information received from the

FBI and such other information as was available to I&S; and that the Branch would keep the Reference Center advised of all name checks requested and the evaluation received.

6. The Executive for I&S agreed in principle with the results of the study but cautioned that "complete implementation <sup>34</sup> might have to be evolved gradually." By early January 1948, preliminary discussions on this matter had been held with OO, and the Chief, Security Control Staff reported that the proposals received an "excellent reception." <sup>34</sup> He also added that under the existing procedure the Contact Branch requested 200 name checks per week

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[REDACTED] and that this has resulted in questionable returns because of the large volume and the limited number of I&S personnel. [REDACTED] then indicated that this number might be reduced to twenty if the Contact Branch would limit its requests for name checks to those of immediate interest only. He concluded that to provide the "investigative and evaluation service necessary would require the addition of four Liaison Officers and two Appraisers to the Investigative Division."

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7. Discussions continued with OO through February and March and on 22 March 1948, the Acting Executive, I&S, [REDACTED] submitted a memorandum to OO setting forth the basic guidelines concerning uniform standards and procedures for the security

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[REDACTED]

cedures adhered essentially to the original ones presented by the Chief, Security Control Staff to the Executive for I&S, and on 2 April 1948, the AD/OO advised I&S that OO accepted the "general framework" for name check security clearance. OO's only exception was that it did not consider it feasible to reduce the number of name checks to twenty per week. It felt that this figure should be flexible with every effort exerted to hold it to the minimum. <sup>35</sup>

#### IX. FBIB

1. The FBIB also presented security problems other than personnel to both the Security Branch, OCD, and the Executive for I&S. Among them was a request for guidance relative to whether or not the fact that FBIB had overseas stations operating for CIG was considered to be classified information. This matter was referred to the DCI who decided in December 1946 that such information was <sup>36</sup> not classified and that FBIB activities were considered overt.

2. This decision was modified in June of 1947 to limit the use of the name, Central Intelligence Group, in connection with FBIB installations, personnel and activities to those incidents wherein such information was necessary or advisable to advance the official mission of FBIB. The use of Foreign Broadcast Information Service,

U. S. Monitoring Post was preferred as an alternative, and later the Acting Executive Director approved the use of the name, FBIS.

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etc. 36

3. Security guidelines were prepared by I&S for the use of  
25X1A FBIB [REDACTED] and around this time I&S informed FBIB  
that the responsibility for the security of its overseas activities  
should be placed upon the Chief of each installation. 36

X. General

1. Security Activities

a. By the end of 1947, I&S had handled a number of security matters that covered a wide range of subjects. For example, meetings had been held with PBA authorities relative to obtaining higher caliber guard personnel to be used exclusively for the guarding of CIA buildings in the Washington area; security procedures and guidelines had been prepared on the release of intelligence material to Congress; a survey had been made of security procedures involved in the interrogations and presentations of U. S. Government officials who had returned from overseas assignments for the purpose of obtaining intelligence information; revised procedures had been established for the handling of anonymous and crank letters; etc. 10

b. As of December 1947, the number of buildings that housed CIA activities had increased [redacted] guards had been obtained from PBA to protect these activities.<sup>1</sup>

Also, in November 1947, the Inspection and Audit Branch conducted its first inspection.<sup>10</sup>

2. Credentials

The lack of approved CIG/CIA credentials hampered the early liaison activities and although several proposals had been made to appropriate authorities regarding the use of credentials, CIG/CIA personnel were instructed to either use their identification (building) pass or to make prior arrangements by telephone.<sup>37</sup> However, some progress was made on this subject in October 1947 when the Contact Offices

[redacted] were activated and the heads of these offices were issued "letters of introduction" that also could be used for identification. Such letters were made accountable documents that were subject to inspection regarding their use and security by the Executive for I&S. This progress, however, was not adequate for in July 1948,

[redacted] . Chief, Liaison Branch, OCD, met with [redacted] SCS, and again emphasized that the lack of formal identification was a hinderance to OCD's liaison activity.<sup>37</sup>

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3. Polygraph

Toward the end of 1947, I&S became interested in *IL C*  
the use of the polygraph as an aid in the security clearance  
procedure. Prior to this the U. S. Army had completed a  
study on the use of "lie detectors" as an investigative  
technique. The study concluded that it was not a proven  
technique, that the experience of the examiner was the most  
important factor in arriving at a satisfactory and reliable  
test, and that the operators should have experience in psychology,  
physiology, and methods of interrogation and investigation. It  
recommended that CIG be authorized to purchase two Keeler  
polygraph units and that two regular Army officers be sent to  
Keeler's for training. <sup>38</sup>

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